

## Are Ethical Initiatives Successful in the Indian Garment Industry? A Focus on Homeworkers

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### Introduction

India is a rising power in the global garment industry. While its garment exports have grown dramatically, the structure of this industry has become increasingly diversified and complex. Garment production in India is, in fact, highly 'localised' and scattered in myriad ways across the whole subcontinent.

Importantly, this industry remains heavily dependent for its global success on relentlessly exploiting a large mass of informal garment workers. This Development Viewpoint draws on a [paper](#) published in the February 2014 issue of *Oxford Development Studies* to examine the difficulties that initiatives focussed on corporate social responsibility have confronted in trying to reform labour conditions in this industry.

Its findings are based on three rounds of fieldwork in India carried out in October 2004 and July 2005, March and April 2010, and January and May 2012. The fieldwork was carried out in the National Capital Region of Delhi (NCR) and one of its main satellite embroidery centres, i.e., Bareilly, Uttar Pradesh.

### Recent History of India's Garment Sector

Since the 1980s India has become an important player in the global garment industry, and a key node of the "global garment commodity chain". By 2007 it was exporting US\$9.7 billion in apparel and was ranked sixth among all country exporters, having achieved a 2.8% share of world exports.

Scattered across the subcontinent, India's export production centres take the form of industrial clusters based on dense agglomerations of small to medium enterprises (SMEs). The average industrial size of India's garment enterprises is much smaller than in other garment-exporting countries. By 2001, for example, India needed 10,865 exporters to generate US\$5.5 billion in export revenues while Sri Lanka needed, in contrast, only 300 exporters to produce US\$3 billion.

Many of India's industrial clusters function, in fact, as "informal production regimes" in a country which, to date, has exhibited the highest levels of labour informality across the entire developing world.

The informality of India's garment production is accompanied by high labour-intensity, which is based on harsh relations of domination and subordination of workers. Exploitation of workers is based not only on caste differences, but also increasingly on other forms of discrimination, such as those based on gender, migrant status and religious affiliation.

It is thus no wonder that unions and labour activists have found it exceedingly difficult to pressure the government to effectively impose minimum labour standards in this industry, which is built, from the bottom up, precisely on the basis of the widespread casualisation and informalisation of labour.

This Development Viewpoint focuses on the degree to which corporate social responsibility (CSR) and ethical initiatives have improved labour conditions in such a difficult environment. Generally, these initiatives have had only limited suc-

cess, due in part to the daunting conditions that they have had to face, but also due to their own strategic shortcomings.

### Woman Homeworker: Richola, Bareilly



Source: Author

### CSR Initiatives in the Garment Industry

Because media coverage of the global garment industry has often equated it, not inaccurately, with "sweatshop labour", this industry has become a prominent target of a number of globally initiated consumer campaigns. As a result, many international clothing manufacturers and retailers have already sought to induce their overseas suppliers in India and elsewhere to adopt corporate social responsibility norms.

Today, all major global clothing-sector participants have their own labour codes of conduct, or are part of multi-stakeholder ethical alliances such as the Ethical Trade Initiative (ETI).

But such initiatives face daunting challenges in India's wide and complex spectrum of garment clusters. Namely, their usual 'universal approaches' are immediately stymied by the sector's great diversity and fragmentation of local production and labour regimes.

### Campaigns in NCR and Bareilly

While the National Capital Region (NCR) is a composite industrial cluster, Bareilly in Uttar Pradesh (one of the NCR's main satellite centres for embroidery activities) is, by contrast, a traditional, craft-based cluster. It is here that many NCR exporters have decentralised their non-factory, home-based production.

In the NCR industrial cluster, CSR norms have been largely neutralised by the pervasive nature of precarious and highly differentiated labour arrangements. CSR initiatives have had some success on highly 'visible' issues such as health and safety conditions (e.g. Barrientos et al., 2010).

However, they have been unable to tackle the dominant 'codes of practice' imposed by garment firms themselves. These prac-

tices are based on the widespread use of informal sweatshop labour. Not surprisingly, several well-publicised sweatshop scandals exposing deplorable labour conditions have jolted the NCR cluster since 2008.

One of the major pitfalls of most CSR initiatives is their ill-advised design. In fact, codes of conduct are elaborated as factory-based regulations mostly targeting formal workers on permanent contracts. However, the vast majority of factory workers in the NCR are not permanent, but have temporary contracts or are hired on a casual precarious basis.

Recent attempts have also been made to implement ethical initiatives and projects that tackle the poor working conditions of home-based workers. However, these have only reproduced some of the major shortcomings of 'older' CSR interventions.

### New Ethical Initiatives

New ethical initiatives have attempted to address regional production links across clusters, such as between the NCR and Bareilly. They have also moved away from the factory to focus on homeworkers engaged in craft-based, embroidery activities.

The number of embroidery homeworkers required by the NCR cluster is staggering. Many garment factories need three times as many embroiderers as tailors. And the embroiderers' contributions to value-added are indeed crucial. After embroidery, the unit production price of garments often doubles. Yet over 90% of such homeworkers earn a low and very irregular wage.

Embroidery activities take place largely in the peri-urban and rural areas of both the NCR and Bareilly clusters. A dense network of agents shuttles between both clusters, constantly shifting goods between them. They coordinate with the large number of embroidery employers who own workshops in both locations.

In 2006, the Ethical Trade Initiative launched a new innovative pilot project, which was designed to address the needs of the vast number of non-factory-based garment workers and to take into strategic account the location of many of them outside the urban segments of the NCR cluster.

In Bareilly, this project relied on drawing embroidery contractors into the web of ethical trade so that they would in turn ensure an improvement in the working conditions of homeworkers. The general objective was to move CSR initiatives beyond industrial production units and outside the NCR cluster itself.

Although well-meaning, this initiative underestimated the strength of the local relations of domination in such artisanal clusters, within which contractors were operating and from which they were profiting. In addition, this initiative failed to appreciate the *inter-cluster* relations of domination that connected direct exporters and garment suppliers in the NCR to the local contractors in Bareilly who helped coordinate the production in peri-urban and rural areas.

The vulnerability and exploitation of homeworkers have been, historically, the direct outcomes of both these sets of relations of domination.

### Four Policy Lessons

Field findings do not indicate a substantial improvement in the working conditions of Bareilly homeworkers following the implementation of the ETI project. These findings point to four main policy lessons that CSR initiatives need to take on

board in order to improve the lives of garment homeworkers. The first lesson is that while new CSR projects do now seek to reach formerly "invisible" homeworkers in peri-urban and rural clusters, they still tend to treat these clusters as separate from the overall production process of the garment industry and underestimate the harsh relations of power and patronage that dominate these workers.

The second lesson is that new CSR initiatives still appear to focus their efforts on eliciting the cooperation of the top layer of production regimes, such as contractors and employers. The usual result is that such initiatives end up focussing primarily on issues, such as health and safety or training, that these elites are willing to countenance.

The third lesson is that CSR initiatives can often end up reinforcing the superiority of the dominant economic groups in the industry because they rely on such groups to be the "right enforcer" of CSR norms. For example, in Bareilly the power of the larger contractors was strengthened because CSR affiliation helped them gain preferential access to global markets.

The fourth policy lesson is that in the context of multi-stakeholder initiatives, pro-capital agendas and pro-labour agendas are likely to have very little in common. In particular, employers—in this case embroidery contractors—tend to identify workers' problems with their own business problems.

This means, in practice, that the over-reliance of CSR interventions on employers' cooperation can often end up furthering pro-capital, rather than pro-labour, agendas. In short, CSR interventions might, in fact, benefit *some* employers at the expense of the workers that they are trying to reach.

### Concluding Remarks

The shortcomings of CSR initiatives highlighted above demonstrate that efforts to apply top-down, buyer-led compliance norms are highly unlikely to meaningfully improve labour standards in India's garment industry.

In fact, India's "success story" in garment production is very much based on systematically harsh patterns of labour subjugation and exploitation. This situation represents a formidable challenge confronting not only CSR initiatives, but also labour organisations and unions. India's "rising power" status in this industry seems tied inextricably to highly informalised and exploitative conditions of labour.

It is also evident that such problems cannot be adequately addressed by initiatives targeting single regional production clusters. In the extended study on which this Development Viewpoint is based, it has become clear that the functioning of neither the NCR cluster nor the Bareilly cluster can be understood in isolation, as separate nodes of accumulation.

The former depends heavily upon the latter for the exploitation of a vast mass of low-paid homeworkers. And the latter depends on the former for gaining vital access to global export markets. Only systemic attention devoted *across* complex regional processes of accumulation can result in pro-labour policies and pro-development interventions in the future.

### Reference:

Barrientos, S., Mathur, K. and Sood, A. (2010). "Decent work in global production networks" in: A. Posthuma and D. Nathan (Eds.), *Labour in Global Production Networks in India*, Oxford and Delhi: Oxford University Press, pp. 127–145.